

**Hearing Date and Time: March 18, 2010 at 10:00 a.m. (prevailing Eastern time)**

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re:

Chapter 11

DPH HOLDINGS CORP., *et al.*,

Case No. 05-44481 (RDD)

(Jointly Administered)

Reorganized Debtors.

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**D&S MACHINE PRODUCTS, INC. RESPONSE TO REORGANIZED DEBTORS'  
FORTY-FOURTH OMNIBUS OBJECTION**

D&S Machine Products, Inc. (“**D&S**”) by and through its counsel, Warner Norcross & Judd LLP, files this Response to the *Reorganized Debtors’ Forty-Fourth Omnibus Objection Pursuant to 11 U.S.C. § 502(b) and (d) and Fed R. Bankr. P. 3007 to (I) Modify and Allow (A) Certain Modified and Allowed Claims, (B) a Partially Satisfied Claim, and (C) Certain Partially Satisfied Scheduled Liabilities, (II) Disallow and Expunge (A) Certain Fully Satisfied Scheduled Liabilities, (B) Certain MDL-Related Claims, (C) Certain Union Claims, (D) Certain Personal Injury Claims, and (E) a Duplicate Claim, (III) Object to Certain (A) Preference-Related Claims and (B) Preference-Related Scheduled Liabilities, and (IV) Modify Certain SERP-Related Scheduled Liabilities* dated February 3, 2010 (the “**44th Omnibus Objection**”), and states as follows:

1. On October 8 and 14, 2005 (the “**Petition Date**”), Delphi Corporation (“**Delphi**”) and certain of its affiliates, including Delphi Automotive Systems LLC (“**Delphi Automotive**”) (affiliates, Delphi Automotive and Delphi are collectively referred to herein as “**Debtors**”) filed voluntary petitions in this Court for reorganization relief under chapter 11 of title 11 of the United States Bankruptcy Code.

2. On or about July 28, 2006, D&S filed a proof of claim in the Delphi Automotive bankruptcy, Case No. 05-44640 in the total amount of \$187,779.14 (the “**Proof of Claim**”) which represented the amount of goods sold and delivered to Delphi Automotive. The Proof of Claim is docketed as Claim Number 12153.

3. D&S sold its interest in the Proof of Claim to Longacre Master Fund LTD (“**Longacre**”).

4. On or about February 3, 2010, the Debtors filed their 44th Objection seeking to disallow the Proof of Claim on the ground that D&S is a defendant in an avoidance action arising under 11 U.S.C. § 547 and that the Proof of Claim is potentially subject to disallowance pursuant to 11 U.S.C. § 502(d).

5. D&S objects to the 44th Omnibus Objection because it has a complete defense to any asserted preference liability.

6. 11 U.S.C. § 547(c)(2) bars the Debtors from avoiding any transfers to D&S because all such transfers were in payment of debts incurred by Debtors in the ordinary course of business of Debtors’ and D&S, were made in the ordinary course of the Debtors and D&S’s business, and were made according to ordinary business terms. D&S’s defense under 11 U.S.C. § 547(c)(2) is supported by the payment history attached as **Exhibit 1**.

7. D&S also objects to the 44th Omnibus Objection because the Proof of Claim was sold to Longacre and is therefore not subject to disallowance under 11 U.S.C. § 502(d).

8. The Southern District of New York has held that “the plain language of section 502(d) focuses on the claimant as opposed to the claim and leads to the inexorable conclusion that disallowance is a personal disability of a claimant, and not an attribute of the claim.” *In re Enron Corp.*, 379 B.R. 425, 443 (S.D.N.Y. 2007).

9. The *In re Enron Corp.* court stated that “[t]his result comports with one of the main purposes of section 502(d), namely to coerce the return of assets obtained by preferential transfer. That purpose would not be served if a claim in the hands of a claimant could be disallowed even where that claimant never received the preference to begin with, and as a result, could not be coerced to return it.” *Id.*

10. Here, the Proof of Claim was sold to Longacre, and it is undisputed that Longacre did not receive any preference payments. Therefore, the Proof of Claim cannot be disallowed under 11 U.S.C. § 502(d).

WHEREFORE, based on the foregoing, D&S respectfully requests that this Court enter an Order denying the relief requested in the 44th Objection, and grant such other and further relief as this Court deems just and proper.

Respectfully submitted,

WARNER NORCROSS & JUDD LLP

Date: March 10, 2010

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# **EXHIBIT 1**

# Billed to Delphi in Flint, MI Receipts Listing

For Period Starting: 01/01/2005  
Through Period Ending: 06/30/2005

Delphi Chassis Division of GM  
All Payments

Invoice Date	Invoice Type	Reference No.	Invoice To	Invoice From	Invoice Date	Invoice Amount	Invoice Balance
01/06/2005	A/R - Check	CK#900479434	Delphi Chassis Division of GM	C- DE0100			
INV.	0016849	11/03/2004	1,575.00	1,575.00			
INV.	0016860	11/03/2004	516.00	516.00			
INV.	0016861	11/03/2004	1,518.00	1,518.00			
INV.	0016862	11/03/2004	3,875.00	3,875.00			
INV.	0016873	11/05/2004	7,750.00	7,750.00			
INV.	0016869	11/08/2004	3,875.00	3,875.00			
INV.	0016701	11/09/2004	3,875.00	3,875.00			
INV.	0016702	11/09/2004	2,875.00	2,875.00			
INV.	0016711	11/10/2004	7,750.00	7,750.00			
INV.	0016717	11/11/2004	2,875.00	2,875.00			
INV.	0016721	11/12/2004	3,875.00	3,875.00			
INV.	0016735	11/15/2004	7,750.00	7,750.00			
INV.	0016748	11/17/2004	3,875.00	3,875.00			
INV.	0016749	11/17/2004	7,750.00	7,750.00			
INV.	0016779	11/22/2004	5,750.00	5,750.00			
INV.	0016780	11/22/2004	3,875.00	3,875.00			
INV.	0016785	11/22/2004	7,750.00	7,750.00			
INV.	0016799	11/23/2004	7,750.00	7,750.00			
INV.	0016811	11/24/2004	2,875.00	2,875.00			
INV.	0016812	11/24/2004	3,875.00	3,875.00			
INV.	0016817	11/29/2004	3,875.00	3,875.00			
						95,484.00	95,484.00
02/07/2005	A/R - Check	CK#900484227	Delphi Chassis Division of GM	C- DE0100			
INV.	0014212	01/02/2004	315.00	315.00			
INV.	0014818	03/12/2004	1,575.00	1,575.00			
INV.	0014819	03/12/2004	711.48	711.48			
INV.	0016861	12/06/2004	3,875.00	3,875.00			
INV.	0016875	12/07/2004	7,750.00	7,750.00			
INV.	0016876	12/07/2004	1,575.00	1,575.00			



For Period Starting: 01/01/2005  
Through Period Ending: 06/30/2005

*Billed to Delphi in Dayton, OH*

Delphi Chassis Division of GM  
All Payments

*(B with other location)*

03/08/2005	A/R - Check	CK#900489860	Delphi Chassis Division of GM	C- DE0300		
			INV. 0017041	01/10/2005	4,117.50	4,117.50
			INV. 0017050	01/10/2005	8,235.00	8,235.00
			INV. 0017061	01/11/2005	4,117.50	4,117.50
			INV. 0017065	01/12/2005	4,117.50	4,117.50
			INV. 0017070	01/13/2005	4,117.50	4,117.50
			INV. 0017076	01/14/2005	4,117.50	4,117.50
			INV. 0017087	01/17/2005	8,235.00	8,235.00
			INV. 0017086	01/20/2005	12,352.50	12,352.50
			INV. 0017111	01/21/2005	3,162.50	3,162.50
			INV. 0017112	01/21/2005	12,352.50	12,352.50
			INV. 0017123	01/25/2005	4,117.50	4,117.50
			INV. 0017130	01/25/2005	4,117.50	4,117.50
			INV. 0017141	01/27/2005	4,117.50	4,117.50
			INV. 0017141	01/27/2005	10.00	10.00
					77,287.50	77,287.50
04/08/2005	A/R - Check	CK#900493470	Delphi Chassis Division of GM	C- DE0300		
			INV. 0017169	01/31/2005	4,117.50	4,117.50
			INV. 0017179	02/03/2005	4,117.50	4,117.50
			INV. 0017198	02/07/2005	8,235.00	8,235.00
			INV. 0017209	02/07/2005	8,235.00	8,235.00
			INV. 0017212	02/08/2005	4,117.50	4,117.50
			INV. 0017213	02/08/2005	1,890.00	1,890.00
			INV. 0017222	02/09/2005	4,117.50	4,117.50
			INV. 0017230	02/10/2005	4,117.50	4,117.50
			INV. 0017237	02/11/2005	8,235.00	8,235.00
			INV. 0017248	02/14/2005	4,117.50	4,117.50
			INV. 0017259	02/16/2005	8,235.00	8,235.00
			INV. 0017274	02/16/2005	4,117.50	4,117.50

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D&S Machine Products, Inc.

For Period Starting: 01/01/2005  
Through Period Ending: 06/30/2005

## Receipts Listing

Delphi Chassis Division of GM  
All Payments

DATE	TYPE	REFERENCE NO.	RECEIVED	DESCRIPTION	AMOUNT	CREDIT	DEBIT
05/04/2005	AR - Check	CK#900497960		Delphi Chassis Division of GM			
				C- DE0300			
				INV. 0017282	02/17/2005	8,235.00	8,235.00
				INV. 0017288	02/18/2005	4,117.50	4,117.50
				INV. 0017299	02/21/2005	4,117.50	4,117.50
				INV. 0017307	02/22/2005	4,117.50	4,117.50
				INV. 0017332	02/24/2005	8,235.00	8,235.00
				INV. 0017348	02/25/2005	8,235.00	8,235.00
				INV. 0017356	02/28/2005	4,117.50	4,117.50
				INV. 0017366	02/28/2005	12.50	12.50
						105,356.00	105,356.00
				INV. 0017364	02/28/2005	4,117.50	4,117.50
				INV. 0017373	03/02/2005	8,235.00	8,235.00
				INV. 0017379	03/03/2005	8,235.00	8,235.00
				INV. 0017416	03/08/2005	269.50	269.50
				INV. 0017417	03/08/2005	516.00	516.00
				INV. 0017418	03/08/2005	4,117.50	4,117.50
				INV. 0017419	03/08/2005	1,575.00	1,575.00
				INV. 0017427	03/09/2005	8,235.00	8,235.00
				INV. 0017444	03/14/2005	8,235.00	8,235.00
				INV. 0017461	03/14/2005	4,117.50	4,117.50
				INV. 0017462	03/15/2005	3,162.50	3,162.50
				INV. 0017464	03/16/2005	4,117.50	4,117.50
				INV. 0017465	03/16/2005	4,117.50	4,117.50
				INV. 0017478	03/18/2005	8,235.00	8,235.00
				INV. 0017484	03/18/2005	4,117.50	4,117.50
				INV. 0017517	03/21/2005	4,117.50	4,117.50
				INV. 0017525	03/23/2005	8,235.00	8,235.00
				INV. 0017532	03/23/2005	4,117.50	4,117.50
				INV. 0017540	03/24/2005	4,117.50	4,117.50
				INV. 0017545	03/25/2005	4,117.50	4,117.50

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D&S Machine Products, Inc.



# Receipts Listing

For Period Starting: 01/01/2005  
Through Period Ending: 06/30/2005

Delphi Chassis Division of GM  
All Payments

DATE	TYPE	REFERENCE/NO.	RECEIVED FROM/NO.	DEBIT	CREDIT
06/06/2005	ARR - Check	CK#900502581	Delphi Chassis Division of GM		
			INV. 0017609	04/04/2005	8,235.00
			INV. 0017623	04/06/2005	8,235.00
			INV. 0017624	04/06/2005	516.00
			INV. 0017625	04/06/2005	945.00
			INV. 0017635	04/06/2005	4,117.50
			INV. 0017636	04/06/2005	3,162.50
			INV. 0017653	04/08/2005	8,235.00
			INV. 0017673	04/12/2005	8,235.00
			INV. 0017688	04/13/2005	4,117.50
			INV. 0017703	04/15/2005	8,235.00
			INV. 0017713	04/20/2005	4,117.50
			INV. 0017722	04/20/2005	4,117.50
			INV. 0017730	04/20/2005	4,117.50
			INV. 0017735	04/21/2005	4,117.50
			INV. 0017740	04/25/2005	8,235.00
			INV. 0017763	04/26/2005	4,117.50
			INV. 0017766	04/27/2005	8,235.00
			INV. 0017779	04/29/2005	4,117.50
			INV. 0017787	04/29/2005	4,117.50
			INV. 0017797	04/29/2005	11.50
					89,337.50
					89,337.50
			TOTALS:		
				394,572.00	0.00
					394,572.00

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D&S Machine Products, Inc.